

114TH CONGRESS
1ST SESSION

H. R. 2625

To amend the Federal Reserve Act to reform the Federal Reserve System.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2015

Mr. GARRETT (for himself and Mr. CAPUANO) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Rules and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Federal Reserve Act to reform the Federal Reserve System.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bailout Prevention Act
5 of 2015”.

1 **SEC. 2. DISCOUNTS FOR INDIVIDUALS, PARTNERSHIPS,**
2 **AND CORPORATIONS.**

3 Section 13(3)(B) of the Federal Reserve Act (12
4 U.S.C. 343(3)(B)) is amended by striking clauses (ii) and
5 (iii) and inserting the following:

6 “(ii)(I) The Board shall establish proce-
7 dures to prohibit borrowing from programs and
8 facilities by borrowers that are insolvent. A bor-
9 rower shall not be eligible to borrow from any
10 emergency lending program or facility unless
11 the Board and all Federal banking regulators
12 with jurisdiction over the borrower certify that,
13 at the time the borrower initially borrows under
14 the program or facility, the borrower is not in-
15 solvent. Solvency shall be assessed by examining
16 the last 4 months of relevant financial data and
17 determining whether the fair value of the bor-
18 rower’s assets exceeds the fair value of the bor-
19 rower’s liabilities, with appropriate adjustment
20 for temporary illiquidity in relevant markets.

21 “(II) A borrower shall be considered insol-
22 vent for purposes of this subparagraph if the
23 borrower is—

24 “(aa) in bankruptcy, resolution under
25 title II of the Dodd-Frank Wall Street Re-
26 form and Consumer Protection Act (12

1 U.S.C. 5381 et seq.), or any other Federal
2 or State insolvency proceeding; or

3 “(bb) a bridge financial company (as
4 defined in section 201(a) of the Dodd-
5 Frank Wall Street Reform and Consumer
6 Protection Act (12 U.S.C. 5381(a))) or a
7 bridge depository institution (as defined in
8 section 3 of the Federal Deposit Insurance
9 Act (12 U.S.C. 1813)).

10 “(III) If the Board or any other banking
11 regulator makes a certification of solvency, the
12 Board or banking regulator, as applicable, shall
13 issue a contemporaneous public statement pro-
14 viding a detailed explanation of the certification
15 decision.

16 “(iii) A program or facility shall be consid-
17 ered a program or facility with broad-based eli-
18 gibility only if not fewer than 5 companies are
19 eligible to participate in the program or facility
20 in a significant manner.”.

21 **SEC. 3. PENALTY RATE REQUIREMENT; CONGRESSIONAL**
22 **APPROVAL REQUIREMENT.**

23 Section 13(3) of the Federal Reserve Act (12 U.S.C.
24 343(3)) is amended by adding at the end the following:

1 “(F) Any emergency lending under this
2 paragraph shall be provided at an annual inter-
3 est rate not less than 500 basis points greater
4 than the cost of borrowing for the United
5 States Treasury for a commensurate loan term.

6 “(G)(i) If the Board determines that the
7 Board shall create an emergency lending pro-
8 gram or facility that does not comply with the
9 broad-based eligibility requirement described in
10 subparagraph (B)(iii) or the penalty rate re-
11 quirement described in subparagraph (F), the
12 Board—

13 “(I) may create such a program or fa-
14 cility; and

15 “(II) not later than 3 days after the
16 date on which a program or facility is cre-
17 ated under clause (i), shall submit to Con-
18 gress a report that describes the reasons
19 why the Board is unable to comply with
20 any requirement described in the matter
21 preceding subclause (I).

22 “(ii)(I) A program or facility created under
23 clause (i)(I) shall terminate on the date that is
24 30 calendar days after the date on which Con-
25 gress receives a report described in clause

1 (i)(II) unless there is enacted into law a joint
2 resolution approving the program or facility not
3 later than 30 calendar days after the date on
4 which the report is received. Any loan offered
5 through the program or facility that are out-
6 standing as of the date on which the facility is
7 terminated shall be repaid in full not later than
8 30 calendar days after the date on which the
9 program or facility is terminated.

10 “(II) For the purpose of this section, the
11 term ‘joint resolution’ means only a joint reso-
12 lution—

13 “(aa) that is introduced not later than
14 3 calendar days after the date on which
15 the report referred to in clause (i)(I) is re-
16 ceived by Congress;

17 “(bb) that does not have a preamble;

18 “(cc) the title of which is as follows:
19 ‘Joint resolution relating to the approval of
20 a program or facility created by the Board
21 of Governors of the Federal Reserve Sys-
22 tem’; and

23 “(dd) the matter after the resolving
24 clause of which is as follows: ‘That Con-
25 gress approves the program or facility cre-

1 ated by the Board of Governors of the
2 Federal Reserve System on
3 _____.’ (The blank space
4 being appropriately filled in).

5 “(III)(aa) Upon receipt of a report under
6 subsection (a)(3), the Speaker, if the House
7 would otherwise be adjourned, shall notify the
8 Members of the House that, pursuant to this
9 section, the House shall convene not later than
10 the second calendar day after receipt of such
11 report.

12 “(bb) Any committee of the House of Rep-
13 resentatives to which a joint resolution is re-
14 ferred shall report it to the House not later
15 than 5 calendar days after the date of receipt
16 of the report described in clause (i)(II). If a
17 committee fails to report the joint resolution
18 within that period, the committee shall be dis-
19 charged from further consideration of the joint
20 resolution and the joint resolution shall be re-
21 ferred to the appropriate calendar.

22 “(cc) After each committee authorized to
23 consider a joint resolution reports it to the
24 House or has been discharged from its consid-
25 eration, it shall be in order, not later than the

1 sixth day after Congress receives the report de-
2 scribed in clause (i)(II), to move to proceed to
3 consider the joint resolution in the House. All
4 points of order against the motion are waived.
5 Such a motion shall not be in order after the
6 House has disposed of a motion to proceed on
7 the joint resolution. The previous question shall
8 be considered as ordered on the motion to its
9 adoption without intervening motion. The mo-
10 tion shall not be debatable. A motion to recon-
11 sider the vote by which the motion is disposed
12 of shall not be in order.

13 “(dd) The joint resolution shall be consid-
14 ered as read. All points of order against the
15 joint resolution and against its consideration
16 are waived. The previous question shall be con-
17 sidered as ordered on the joint resolution to its
18 passage without intervening motion except 2
19 hours of debate equally divided and controlled
20 by the proponent and an opponent. A motion to
21 reconsider the vote on passage of the joint reso-
22 lution shall not be in order.

23 “(IV)(aa) Upon receipt of a report under
24 clause (i)(II), if the Senate has adjourned or re-
25 cessed for more than 2 days, the majority lead-

1 er of the Senate, after consultation with the mi-
2 nority leader of the Senate, shall notify the
3 Members of the Senate that, pursuant to this
4 subparagraph, the Senate shall convene not
5 later than the second calendar day after receipt
6 of such message.

7 “(bb) Upon introduction in the Senate, the
8 joint resolution shall be placed immediately on
9 the calendar.

10 “(cc)(AA) Notwithstanding Rule XXII of
11 the Standing Rules of the Senate, it is in order
12 at any time during the period beginning on the
13 fourth day after the date on which Congress re-
14 ceives a report described in clause (i)(II) and
15 ending on the sixth day after the date on which
16 Congress receives the report (even though a
17 previous motion to the same effect has been dis-
18 agreed to) to move to proceed to the consider-
19 ation of the joint resolution, and all points of
20 order against the joint resolution (and against
21 consideration of the joint resolution) are
22 waived. The motion to proceed is not debatable.
23 The motion is not subject to a motion to post-
24 pone. A motion to reconsider the vote by which
25 the motion is agreed to or disagreed to shall not

1 be in order. If a motion to proceed to the con-
2 sideration of the resolution is agreed to, the
3 joint resolution shall remain the unfinished
4 business until disposed of.

5 “(BB) Debate on the joint resolution, and
6 on all debatable motions and appeals in connec-
7 tion therewith, shall be limited to not more than
8 10 hours, which shall be divided equally be-
9 tween the majority and minority leaders or
10 their designees. A motion further to limit de-
11 bate is in order and not debatable. An amend-
12 ment to, or a motion to postpone, or a motion
13 to proceed to the consideration of other busi-
14 ness, or a motion to recommit the joint resolu-
15 tion is not in order.

16 “(CC) The vote on passage shall occur im-
17 mediately following the conclusion of the debate
18 on a joint resolution, and a single quorum call
19 at the conclusion of the debate if requested in
20 accordance with the rules of the Senate.

21 “(DD) Appeals from the decisions of the
22 Chair relating to the application of the rules of
23 the Senate, as the case may be, to the proce-
24 dure relating to a joint resolution shall be de-
25 cided without debate.

1 “(V)(aa) If, before the passage by one
2 House of a joint resolution of that House, that
3 House receives from the other House a joint
4 resolution, then the following procedures shall
5 apply:

6 “(AA) The joint resolution of the
7 other House shall not be referred to a com-
8 mittee.

9 “(BB) With respect to a joint resolu-
10 tion of the House receiving the resolu-
11 tion—

12 “(CC) the procedure in that House
13 shall be the same as if no joint resolution
14 had been received from the other House;
15 but

16 “(DD) the vote on passage shall be on
17 the joint resolution of the other House.

18 “(bb) If one House fails to introduce or
19 consider a joint resolution under this section,
20 the joint resolution of the other House shall be
21 entitled to expedited floor procedures under this
22 section.

23 “(cc) If, following passage of the joint res-
24 olution in the Senate, the Senate then receives
25 the companion measure from the House of Rep-

1 representatives, the companion measure shall not
2 be debatable.

3 “(dd) If the President vetoes the joint res-
4 olution, the period beginning on the date the
5 President vetoes the joint resolution and ending
6 on the date the Congress receives the veto mes-
7 sage with respect to the joint resolution shall be
8 disregarded in computing the 30-calendar-day
9 period described in subclause (I) and debate on
10 a veto message in the Senate under this section
11 shall be 1 hour equally divided between the ma-
12 jority and minority leaders or their designees.

13 “(ee) This subclause and subclauses (II),
14 (III), and (IV) are enacted by Congress—

15 “(AA) as an exercise of the rule-
16 making power of the Senate and House of
17 Representatives, respectively, and as such
18 it is deemed a part of the rules of each
19 House, respectively, but applicable only
20 with respect to the procedure to be fol-
21 lowed in that House in the case of a joint
22 resolution, and it supersedes other rules
23 only to the extent that it is inconsistent
24 with such rules; and

1 “(BB) with full recognition of the
2 constitutional right of either House to
3 change the rules (so far as relating to the
4 procedure of that House) at any time, in
5 the same manner, and to the same extent
6 as in the case of any other rule of that
7 House.”.

8 **SEC. 4. PUBLIC DISCLOSURE OF INFORMATION RELATED**
9 **TO CREDIT FACILITIES.**

10 (a) **REPORTS ON GAO AUDITS.**—Section
11 714(f)(3)(C)(iii) of title 31, United States Code, is amend-
12 ed—

13 (1) by striking “1 year” and inserting “60
14 days”; and

15 (2) by striking “24 months” and inserting “60
16 days”.

17 (b) **PUBLIC DISCLOSURES BY THE BOARD OF GOV-**
18 **ERNORS.**—Section 11 of the Federal Reserve Act (12
19 U.S.C. 248(s)) is amended—

20 (1) in the first subsection (s) (relating to trans-
21 parency and the release of information)—

22 (A) in paragraph (2)—

23 (i) in subparagraph (A), by striking
24 “1 year” and inserting “60 days”; and

1 (ii) in subparagraph (B), by striking
2 “the last day of the eighth calendar quar-
3 ter following the calendar quarter in
4 which” and inserting “the date that is 60
5 days after the date on which”; and
6 (B) in paragraph (5), by striking “24-
7 month” and inserting “60 days”; and
8 (2) by redesignating the second subsection (s)
9 (relating to assessments, fees, and other charges) as
10 subsection (t).

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